

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7351

BILL NUMBER: HB 1595

NOTE PREPARED: Jan 26, 2009

BILL AMENDED:

SUBJECT: Medicaid Eligibility for Individuals Who Are Disabled.

FIRST AUTHOR: Rep. Bischoff

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies the qualifications for an individual with a disability to be eligible for Medicaid. The bill requires the Office of Medicaid Policy and Planning (OMPP) to apply to the United States Department of Health and Human Services for an amendment to the State Medicaid Plan for the coverage.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: The bill defines a disabled individual using the definition currently used by OMPP and increases the income eligibility standard for disabled individuals to 200% of the federal poverty level (FPL). (The current income eligibility standard is 100% of federal SSI.) The provisions of the bill apply only to the disabled eligibility category excluding the blind and aged eligibility categories. Income eligibility standards are shown in the table below.

Household Size	100% SSI	100% FPL	200% FPL
1	\$ 8,088	\$10,400	\$20,800
2	\$12,132	\$14,000	\$28,000

There were an average of 37,854 members per month that had spend-down obligations during FY 2008. The number of these individuals that are disabled and would no longer have a spend-down requirement is not known. [This information will be added when available.]

The bill would also impact the amount of premiums collected from disabled individuals participating in the MEDWorks program. The Medicaid forecast identifies \$1.7 M in MEDWorks premiums collected annually. The increase in the income standard would be anticipated to decrease the amount of premiums collected from working individuals with incomes between 150% and 200 % of the FPL. The number of individuals and the associated premium revenue is unknown at this time. [This information will also be added when it is available.]

Background Information-

MEDWorks: MEDWorks is the Medicaid buy-in program for working people with disabilities. Based on an individual's income, they may pay a premium to receive Medicaid coverage. The premiums are generally much lower than the Medicaid disability spend-down amount. The graduated premium scale starts at \$48 per month and is based on income and marital status. Premium payments begin at 150% of the FPL and continue up to 350% of the FPL.

Spend-Down: Spend-down is a provision that allows the elderly or disabled persons receiving SSI whose income exceeds the Medicaid financial eligibility standard to receive some Medicaid assistance. The amount that income exceeds the eligibility standard is the amount of the spend-down required before the applicant becomes eligible for Medicaid each month. The current standard is \$674 per month for a single applicant and \$1,011 per month for a couple. Obligations incurred (but not necessarily paid) must be for medical expenses that are not subject to or paid by insurance, although payments made by state or local programs will count toward an applicant's monthly spend-down obligation. Once the spend-down obligation is met for the month, Medicaid pays for any other covered services incurred in that month.

Medicaid is jointly funded by the state and federal governments. The state share of program expenditures is approximately 37%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 63%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: OMPP, Family and Social Services Administration.

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